

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 16448
[Redacted])	
Petitioners.)	DECISION
)	
)	

On January 11, 2002, the staff of the Tax Discovery Bureau of the Idaho State Tax Commission issued a Notice of Deficiency Determination to [Redacted] (taxpayers), proposing income tax, penalty, and interest for the taxable years 1996 through 1999 in the total amount of \$15,519.

On March 15, 2002, the taxpayers filed a timely appeal and petition for redetermination. The taxpayers did not respond to the Tax Commission's hearing rights letter and have provided nothing further for the Tax Commission to consider. The Tax Commission, having reviewed the file, hereby issues its decision.

The Tax Discovery Bureau (Bureau) received information that [Redacted] was a partner in an Idaho partnership. The Bureau researched the Tax Commission's records and found that the taxpayers did not file Idaho income tax returns for the taxable years 1996 through 1999. The Bureau sent the taxpayers a letter asking them about their filing requirements, but the taxpayers did not respond. The Bureau obtained additional information from the Internal Revenue Service and determined the taxpayers were required to file Idaho income tax returns. The Bureau prepared returns for the taxpayers and sent them a Notice of Deficiency Determination.

The taxpayers protested the Bureau's determination stating it was very likely inaccurate because there were no deductions for two children. The taxpayers also stated that the state withholdings made by [Redacted] employer were too low. The Bureau acknowledged the taxpayers' protest, but received no further response from the taxpayers.

The Tax Commission sent the taxpayers a letter giving them two options for having the Notice of Deficiency Determination redetermined. The taxpayers did not respond. The Tax Commission sent the taxpayers a follow-up letter but still received no response from the taxpayers. Therefore, the Tax Commission decided the matter based upon the information contained in the file.

The taxpayers received wages that were reported to the Idaho Department of Labor. The wages alone exceeded the taxpayers' minimum filing requirement amount as provided in Idaho Code section 63-3030. In addition to their wages, the taxpayers were also required to report their share of the Idaho partnership's gain or loss.

The Bureau prepared returns for the taxpayers using information obtained from [Redacted] and from information on the partnership's schedules K-1. The taxpayers stated that the Bureau's returns did not appear to include all the withholdings made by [Redacted] employer. However, the taxpayers did not provide anything to show the amount of withholdings. The taxpayers stated the Bureau did not allow two additional exemptions for children. However, once again the taxpayers did not provide anything to show they were entitled to two additional exemptions. The taxpayers did not meet their burden of proof of showing the Bureau's returns were incorrect. Albertson's, Inc. v. State, Dept. of Revenue, State Tax Com'n, 106 Idaho 810, 683 P.2d 846 (1984).

The information available clearly shows the taxpayers were required to file Idaho income tax returns. The returns the Bureau prepared reported the income earned by the taxpayers. Since the taxpayers have provided nothing to show the returns the Bureau prepared were incorrect, the Tax Commission upholds the determination of the taxpayers' income tax deficiency.

The Bureau added interest and penalty to the taxpayers' tax deficiency. The Tax Commission reviewed those additions and found they were correctly applied and in accordance with Idaho Code sections 63-3045 and 63-3046.

WHEREFORE, the Notice of Deficiency Determination dated January 11, 2002, is hereby APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayers pay the following tax, penalty, and interest:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
1996	\$1,455	\$364	\$655	\$2,474
1997	2,428	607	881	3,916
1998	2,815	704	806	4,325
1999	3,709	927	861	<u>5,497</u>
			TOTAL DUE	<u>\$16,212</u>

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of taxpayers' right to appeal this decision is enclosed with this decision.

DATED this ____ day of _____, 2002.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that I have on this _____ day of _____, 2002, served a copy of the within and foregoing DECISION by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[Redacted]
